

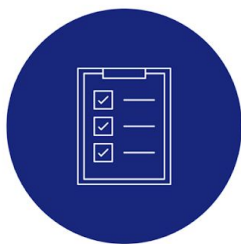
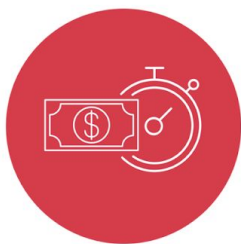
#CARESFORMUSIC

Your Toolkit To Support CARES Applications for Artists, Music Venues and Related Creative Ecosystems

This toolkit provides useful information, guidance and evidence to support urgent applications, approvals and programs to use **existing CARES Act funding that must be spent by December 30, 2020** to support music and creative communities in every community in America. The toolkit has four parts and will be hosted on www.caresformusic.com. The toolkit is focused on music, but we hope it is replicable for all sectors impacted by the pandemic - all live performance, art, culture and entertainment.

This toolkit is offered as practical thought leadership and represents Sound Diplomacy and gener8tor's commitment to helping these industries in an unprecedented time of need. While advisory firms like ours provide commercial consulting services, we believe this toolkit is useful on its own. We hope that when you are ready to grow and provide more support for your music ecosystem, you will remember that Sound Diplomacy, gener8tor and other advisors are truly committed to partnering on developing better music policy everywhere.





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Part 1: Explaining CARES Act Funding & Urgency

What Is The CARES Act?

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress with overwhelming, bipartisan support and signed into law on March 27th, 2020 (endnote 1). This \$2 trillion economic relief package is aimed at protecting the American people from the public health and economic impacts of COVID-19. As per how the funding is allocated, over \$150 billion was allocated to states, counties and municipalities. There are three major **Federal statutory requirements** that must be met so funding can be allocated:

1. Relief is necessary due to the COVID public health emergency;
2. Expenses claimed are not accounted for in the decision-maker's budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act); and the costs claimed for are incurred during the period that begins on March 1, 2020, and ends on December 30, 2020; (endnote 2)
3. All resources are allocated for / spent by December 30, 2020.

Within the states, every program is different with its own requirements. In some cases, the state, county or city guidelines may further limit how CARES funding can be used but this is in addition to the Federal guidelines listed above. Where the state, county or city guidelines do not specify limited eligibility requirements, there is an opportunity to make a case for music, where possible. In a number of US cities and states, including Oregon, Portland, Denver, Tallahassee, Tennessee and Indianapolis; specific programs have been created to support music venues, music business and musicians. The biggest question that each successful application answered is how the request relates to the definition of “necessary due to the... public health emergency” above. Here is the relevant regulatory guidance from the Treasury:

So long as any costs are necessary expenditures incurred *due to the current COVID-19 public health emergency*, either directly (*i.e.*, medical or public health needs) or indirectly (*i.e.*, *economic support to those suffering from business interruptions due to COVID-19 related business closures and restrictions*), the CARES Act can cover the costs. (endnote 3)

This bears repeating: The CARES Act and how it is managed, according to the Federal guidelines, provides mechanisms to support **all small businesses** – this includes music entrepreneurs, venues, workers, facilities, and support businesses – so long as they qualify for economic support due to interruptions or impacts in their business related to COVID-19's economic and health impacts. (endnote 4)

Why Does This Matter And Why Act Quickly?

This is a significant, time sensitive opportunity. We must act **right now**. A significant portion of CARES Act money allocated to states, cities & municipalities has not been spent yet. **As**

recently as August 24, only 19.3% of this existing money had been spent (endnote 5). The money is available right now, in your state, county or city. All you have to do is organize, mobilize and apply. This toolkit aims to provide needed guidance on how to do so, while demonstrating to those dispersing the relief how sound an investment it is to invest in your local culture, music venues, entrepreneurs and musicians right now.

This is a **once-in-a-generation** opportunity, but you have to act fast to access this opportunity. To do so, you have to:

- (1) Understand CARES Act mechanisms for supporting the local music and cultural economy at the state, county, and municipal levels;
- (2) Catalyze a network of partners who can offer support and resources (i.e have the capacity to equitably disperse relief);
- (3) Design and advocate for fast-tracked programming at your state, county and/or municipal level and;
- (4) Gather data, measure and study your music economy.

This is your toolkit to do so. In it, you will find:

- A step-by-step guide outlining what you have to do, **now**, to move forward;
- A framework for bringing this CARES funding opportunity to your state, county, and municipal level to the benefit of your music venues, musicians and music / cultural businesses;
- Program options for designing fast-tracked relief efforts that qualify for CARES Act funding at the state, county and municipal levels, and;
- Examples from leaders already acting on this once-in-a-generation opportunity to redefine how America approaches its support for musicians and cultural leaders.

All of this is available at www.caresformusic.com and updated regularly, as things change.

Before we begin, this is important (i.e. the fine print)

1. **EQUITY COMES FIRST. ALWAYS.** We recognize all of this is time sensitive. We must act now. But first-come, first serve is not an equitable way to distribute relief. All programs and relief distributed to your music ecosystem must be reviewed to ensure they are as equitable and diverse as your community. To support this, we have provided an application guidance template to support this.
2. **THIS IS NOT A PROGRAM TO REPLACE THE NEED FOR FEDERAL INTERVENTION.** This toolkit is a supplement. It concerns relief that has been already allocated. The money is there, right now. This **does not in any way replace** the need to pass the [Save Our Stages](#), [RESTART](#) and [HITS](#) acts - all of which are necessary to ensure the wider music ecosystem recovers and thrives, post COVID. This is an addendum. Please [continue to contact your local representative](#) and ensure they vote in support of these bills. This is necessary.
3. **REVENUES PER JOB. REMEMBER THAT.** This is a sound investment. Providing relief to your music ecosystem makes economic sense and returns local tax revenue. Our objective is to demonstrate that this is true in all communities - large and small.

4. **WE MUST SUPPORT FOR-PROFIT AND NONPROFIT ALIKE:** There should not be a distinction. For profit businesses are also culture bearers. Not-for-profit businesses make money. All of those contributing to your music ecosystem - and its vibrancy - must be included in your plan.
5. **THIS IS ABOUT THE WIDER COMMUNITY, NOT JUST MUSIC.** This toolkit is focused on music, but the objective is to support the entire community, the revitalization of downtowns and the resilience of all businesses. Music is our universal language. We all speak it. We believe it is a unique case study, but one that can be adopted to other sectors, artforms and disciplines.



Part 2: Your Step-by-Step Guide

Because of the speed of the CARES Act legislation and surrounding regulatory guidance, the process that state, county and municipal governments use to allocate CARES funding will likely benefit constituencies that proactively engage decision makers. Each jurisdiction has different rules, but all require the same information. No matter where you live, **here's what you need to do, in 5 simple steps.**

Step 1

- Outline the key organizations & individuals that will become your partners and allies.
 - a. **Power Boost: You can count on all partners who prepared this toolkit as supporters.**
- Determine who is allocating CARES Act funding in your locality and how much will realistically be spent (this is key in determining the viability of an ask). **Power Boost: review all allocations [here](#) or [here](#).**
 - a. *If it's below 600,000 people, your county administration or commission will be responsible. In some places, this will then be directed to community foundations, or economic development agencies.*
 - b. *If you live in a city with more than 600,000 people, money will have been allocated to the city administration.*
- You need to ensure the application reaches those responsible. How can you find out who that is?
 - a. **Power Boost: We've included a list to start [here](#).**
 - b. *Keep in mind, from there, the decision may be up to other agencies or the state itself.*
 - c. *Contact your state elected leadership such as members of the state legislature, lobbyists or others who may be "in the know" and ask for an allocation memo for the entire state that should include county and city allocations.*
 - d. *Also consider doing the same with local county and city elected officials and request an allocation memo.*
- Once you know, set up a meeting with those responsible for distributing CARES funding. Call them, email them. Be friendly, but firm.
 - a. **Power Boost: We here to help you quickly navigate and identify those responsible in your local agencies on a case-by-case basis.**

Step 2

- Prepare your evidence. What do you need? Include information on the value that your music ecosystem brings.
 - a. **Power Boost: We have gathered some of this data already and what's not available, we may have included it in the Evidence & Data of the Economic Impact of Music in Your Community section of the toolkit at www.caresformusic.com.**
- Prepare your white-paper. 2-3 pages max. What is the ask? How will it be distributed equitably?
 - a. **Power Boost: We've already thought through the most important questions in our CARES Act Program Application Worksheet for you. It's at www.caresformusic.com.**
- Define your constituents. Some venues, artists, businesses or organizations require more immediate support than others. Those reliant on live music, rather than food and drink, may have more pressing needs.

- a. **Power Boost: We have examples of how some projects are already addressing these needs through CARES funding in the evidence section (Part 3) of the toolkit at www.caresformusic.com.**

Step 3

- Align partners (both *for profit* and *not-for-profit*). Prepare letters of support across the community.
- Double check the ask. Make sure to include the key components to develop a draft application from following our **CARES Act Program Application Worksheet**, here: www.caresformusic.com

Step 4

- Submit the request. Address it personally, to those you have been speaking with.
 - a. **Power Boost: Use your draft from the CARES Act Program Application Worksheet in this toolkit to help outline, specifically, what the money will be spent on and be clear that it will all be spent by December 30 2020. The worksheet is available at: www.caresformusic.com.**
- Include a draft of a local government resolution to secure approval from the agencies that will be required. This template may be needed if a vote is required.
 - a. **Power Boost: Use the template resolution provided in this toolkit at www.caresformusic.com.**
- Still not sure where to start?
 - a. **Power Boost: Contact us and we can use our CARES knowledge, research and partners to support you. Contact us at www.caresformusic.com.**

Step 5

- Make it an easy yes. Provide an appendix document to your application to show your outreach plan for the successful execution of your project. It can include a social media strategy, draft press release and marketing partners.
- Prepare your dispersal, reporting and assessment template. **This is important.**
 - a. **Power Boost: While this will vary from place to place, our Case Studies Database of Existing CARES Program Frameworks section (Part 4) provides a start to better understand how other communities have succeeded.**

What Happens If I'm Successful?

- It is important to ensure commitment from the following partners prior to launching the program.
 - a. **AN ORGANIZATION THAT CAN DISPERSE THE SUPPORT:** The requirements are different state-by-state. Some require non-profit grant-making partners. Others require businesses to be registered by their secretary of state. **These are important questions to ask your allocation agency contacts.**

- b. **A CLEAR PLAN TO ADDRESS EQUITY:** This must benefit the entire music ecosystem. Start with venues and musicians, but CARES Act support allows for any small business to qualify. **Identify diverse organizations in your community that strengthen the program and can help get the word out.**
 - c. **DON'T BE A STRANGER:** We can help you identify these required partners. No strings attached. Please use our templates. Get in touch if you have a question. **We're here to help.**
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Part 3: Evidence & Data of the Economic Impact of Music in Your Community

In order to demonstrate the need to support the music and cultural workers, venues and wider ecosystem in your constituency, we have collated the following statistics that can be incorporated into a request for support:

The Value Of Music

- Investing in music and culture is **an investment in public health**. Music supports mental health and wellbeing. It is for everyone, no matter their age, race, sex or religion. (endnote 7)
- The recorded music industry grew by 9.7% prior to the pandemic. (endnote 8)
- For every \$1 spent on a concert ticket in America's towns and cities, a further \$12 of economic impact is generated. (endnote 9)
- Music, as a sector, has grown at more than twice the rate of the economy since 2008.
- Music and its supply chain represents between 1 and 5% of all jobs in America's cities, per studies of Austin, Nashville, Indianapolis, Huntsville AL, Indianapolis, New Orleans and Atlanta. (endnote 10)
- Music rights can be recession proof. One of the world's largest investment funds for music rights has increased during the pandemic, achieving an annualised 4.2% yield. (endnote 11)
- Music involves **all members of your community**. It is equitable, diverse and inclusive.
- The music and creative economy remain robust, despite the pandemic. Music streaming is forecast to grow by 19.8% in the next 5 years. (endnote 12)
- Music instrument sales are at an all-time high. (endnote 13)
- Investing in music and culture supports both nonprofit and for-profit organizations.

The Impact of the Crisis

- The COVID-19 crisis is the biggest shock to the U.S. economy since the Great Depression. The music industry, and creative economy in general, are some of the sectors most at risk from the COVID-19 crisis. **An estimated 2.7 million jobs were lost and more than \$150 billion in sales of goods and services for creative industries nationwide which represents nearly a third of all jobs in those industries and 9% of the annual sales.** (endnote 14)
- **An estimated \$74 billion in average monthly earnings for creative occupations has**

- been lost.** This means billions lost in state and local tax revenues. (endnote 15)
- Music venues rely on earned income (tickets sales, subscriptions or memberships, rental fees, etc.) on average accounts for approximately 56% of revenue.
 - Organizations are projecting decreases on average at approximately 31%. According to an ArtsFund study 46.4% of responding **organizations estimated a loss of between 30%-85% to their earned income.** (endnote 16)
 - Contributed income (individual donations, grants and fundraisers) is also decreasing. On average contributed income accounts for approximately 44% of revenue. Organizations are projecting a decrease of 25%, with some survey participants reported a 100% loss of their contributed income. (endnote 17)
 - Musicians and artists are among the workers most severely affected by the pandemic. 63% have become fully unemployed. The following findings are based on 24,200 survey responses collected by Americans for the Arts.
 - 94% report loss of income.
 - 79% experienced a decrease in creative work that generated income (62% “drastic decrease”).
 - 66% are unable to access the supplies, resources, spaces or people necessary to perform their work.
 - 78% have no post-pandemic financial recovery plan.
 - Black, Indigenous, and artists of color have higher rates of unemployment than white artists due to the pandemic (69% vs. 60%). They also expect to lose a larger percentage of their income (61% vs. 56%).
 - **90% of America’s music venues are threatened with closure, according to the National Independent Venue Association.**
 - Specifically, many venues that provided opportunities for local musicians to play gigs and hold concerts have been disproportionately affected by the COVID-19 crisis. For example, while as of 2016, New York City had 2,400 venues, ranging from concert and entertainment venues to informal cultural and performance spaces, the COVID pandemic has silenced New York City’s once-vibrant live music scene and left its future in doubt. Concert halls, clubs and arenas remain closed with no guidance from the state on when things might return to normal. (Source: *The Wall Street Journal*, “Coronavirus Has Left New York City’s Music Scene in Discord,” August 10th, 2020).
 - Hundreds of millions in economic impact has been lost due to festival cancellations.
 - Due to the fact that young, emerging musicians and entrepreneurs rely on playing gigs for income and to garner a fanbase, and the notion that due to COVID, it is unlikely that opportunities to perform and gain exposure will present themselves in the near future, direct investment into the music industry to support burgeoning musical talent is needed.

The US is estimated to lose **2.7 million jobs** and more than **\$150 billion** in the creative businesses due to the pandemic. These estimated losses represent 50% of all jobs in those industries and more than a quarter of all lost sales nationwide. (endnote 18)

Showing You That This Has Been Done Before

These issues can be addressed, because they have been in some cities and states. We repeat. This has been done before. Relief has been allocated to music venues, musicians and entrepreneurs. Here are some examples that can be replicated in your community.

- Denver Arts and Venues has created a \$1m relief fund, split across musician entrepreneurs, music and cultural venues and non-profits. (endnote 19)
- The Independent Venue Coalition of Oregon successfully lobbied for \$50m in CARES Relief, to be distributed to **both** for-profit and nonprofit venues. (endnote 20) A further \$4m has been allocated by the City of Portland to its wider music economy. (endnote 21)
- Tulsa's Office of Film and Music (FMAC) received \$150,000 through Tulsa County for Play Tulsa Music, a music recovery initiative to support local live performance. The support is also being used to establish a Tulsa Creative Business database, to support wider policy initiatives. (endnote 22)
- The City of Indianapolis has distributed \$121k to a number of music venues, to support rent, bills and other costs. (endnote 23) This was coordinated in concert with its nonprofit and for-profit music communities and distributed equitably across genre, location and clientele. In a second round of funding, Indianapolis moved \$7m for businesses that pay food & beverage tax (restaurants, bars, entertainment venues) as well as an additional \$150k for a second round of venue grants and \$500k that is going to the Arts Council for nonprofits.
- Leon County and the city of Tallahassee, FL received \$52.1M in CARES Act relief. A variety of CARES Act grant opportunities were created for individuals, businesses, and non-profits in the arts & culture sector through Leon CARES. \$14M was available for the arts & culture sector for individuals & businesses (rent/utilities/general operating) and non-profits directly servicing neighborhoods & individuals in the community through the arts. (endnote 24)

For further evidence, please see our CARES allocation database at www.caresformusic.com.

Remember, Focus on Equity, Diversity and Inclusion

We recognize the urgency here. But urgency cannot lead to greater inequity. In each of the cities Sound Diplomacy has studied and produced economic impact assessments for in the United States, all have seen their music industries grow between 4% and 16% between 2000 and 2019. (endnote 25) This is more than double the rate of the rest of the economy. In Fulton County, Atlanta, this represented 6x more growth than the rest of the economy. However, This growth is not equitable – some genres are more supported than others; some communities benefit, others are ignored.

You can change this. Because of the CARES Act, an opportunity exists to use this once-in-a-generation funding to gather community-wide, equitable baseline data about the economic and social impact of local music and cultural economies. This will support more robust and insightful reporting from relief recipients and outline a stronger roadmap to include music, culture and all it touches to create better, fairer, more diverse and inclusive cities. This is about building back better, for all of us. Music is a powerful tool to harness now. So long as it is harnessed for all musicians, all disciplines, all communities and residents.

Part 4: Case Studies Database of Existing CARES Program Frameworks

Tools Available on www.caresformusic.com

- **Case Study Database:** A list of case studies and example programs and frameworks can be found [here](#). (endnote 26)
- **CARES Act Program Application Worksheet To Download:**
- **Local Government Resolution / Memorandum Template To Download**
- **Evidence and Data of the Economic Impact of Music in your Community**
- **Endnotes / Footnotes:** [here](#)
- **Press Release for CARES Toolkit:** [here](#)

Conclusion

This toolkit is a response to an opportunity that can benefit all states, cities, towns and counties. This has been done before and is being replicated nationwide. It requires intent, drive and a guide. We hope this guide provides the framework and foundation for you to create equitable, inclusive change in your community, and access to CARES funding to provide relief, reinvestment and resilience to your community. Music is our universal language. Let's utilize its impact now. Join us in unlocking this opportunity.